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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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FEDERAL BUREAU OF INVESTIGATION
OFFICE OF THE SECRETARY

In the Matter of)
) 96-262
)
Questions Related to) CCB/CPD No. 98-34
Assessment of Presubscribed)
Interexchange Carrier Charges)
on Public Payphone Lines)

U S WEST COMMUNICATIONS, INC. REPLY COMMENTS

U S WEST Communications, Inc. ("U S WEST") hereby submits its reply to comments filed in response to specific questions which the Federal Communications Commission ("Commission") raised in its Public Notice on the application of Presubscribed Interexchange Carrier Charges ("PICC") on public payphone lines.¹

The parties filing comments in the proceeding fall into four categories: interexchange carriers ("IXCs"), local exchange carriers ("LECs"), Operator Service Providers ("OSPs") and independent payphone service providers (or "PSPs") represented by the American Public Communications Council ("APCC").² Other than some "creative" arguments by OSPs and IXCs challenging the Commission's

¹ See Public Notice, Commission Seeks Comment on Specific Questions Related to Assessment of Presubscribed Interexchange Carrier Charges on Public Payphone Lines, CCB/CPD No. 98-34, DA 98-845, rel. May 4, 1998.

² Specifically, in addition to APCC, these parties include: Ameritech; AMNEX, Inc. ("AMNEX"); Bell Atlantic; BellSouth Telecommunications, Inc.; Cleartel Communications, Inc. ("Cleartel"); GTE Service Corporation, *et al.*; MCI Telecommunications Corporation ("MCI"); One Call Communications, Inc. ("One Call"); Operator Communications, Inc. d/b/a Oncor Communications, Inc. ("Oncor"); SBC Companies; The Southern New England Telephone Company ("SNET"); Sprint Corporation ("Sprint").

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authority to assess the PICC on payphones,³ the primary focus of the comments is on which party should be responsible for paying the PICC on LEC-owned payphones – the presubscribed 1+ carrier, the presubscribed 0+ carrier, the LEC itself, or some other alternative.⁴

Assuming that the Commission's rules allow LECs to assess PICCs on payphones, most OSPs and IXC's argue that the PICC on LEC-owned payphones should be imputed to the LEC itself.⁵ The Commission should reject this position out-of-hand – it is nothing more than a request for a “free ride.” These same IXC's and OSPs have already benefited from the elimination of the carrier common line (“CCL”) charge and now want to avoid responsibility for paying the PICC which replaced the CCL charge. Through some perverse logic, many of these same IXC's and OSPs assert that imputing the PICC to the LEC payphone owner would be competitively neutral and would place LECs on equal footing with independent

³ MCI at 4; Cleartel at 3-6; and Oncor at 2-4.

⁴ See Question 3.

⁵ One Call at 4-5; MCI at 6-9; AMNEX at 2; Sprint at 2. The APCC attempts to use the Commission's inquiry on the application of the PICC to LEC-owned payphones as a basis for arguing that the PICC should not be assigned on the end user customer when the end user is an independent PSP and has selected “no PIC.” APCC at 20-21. There is no merit to the APCC's arguments. While the APCC references fraud prevention, the APCC simply wants to avoid the imposition of the PICC on independent PSPs. While this is understandable, Section 69.153(b) does not allow the adoption of APCC's proposal without a rulemaking. Furthermore, APCC's proposal would accomplish nothing other than to exempt independent PSPs from the PICC while increasing access charge costs to other LEC customers. The APCC's alternative argument is equally meritless -- that is, if the PICC is levied on independent PSPs that select “no PIC” it must also be imposed on all LEC-owned payphones. *Id.* This is nonsense. Section 69.153(b) requires that the PICC be imposed on the end-user customer (*i.e.*, payphone owner) when “no PIC” is selected regardless of whether the payphone is owned by a LEC or independent PSP.

payphone service providers.⁶ This is nonsense – as owners of the vast majority of “dumb” payphones LECs would be placed at a severe competitive disadvantage if the Commission required that the PICC on the lines serving these payphones be imputed to the payphone owner.

The application of the PICC to payphone lines is complicated by the fact that coin sent-paid traffic may be routed to one carrier (*i.e.*, the 1+ carrier) while credit card and other 0+ traffic may be routed to another carrier. This does not mean that there is more than one presubscribed carrier.⁷ Call routing and presubscription are two different things which should not be confused.⁸ There are few, if any, cases where there are two presubscribed interexchange carriers (*i.e.*, one for 1+ and another for 0+ traffic). In most cases, there is a single primary interexchange carrier (“PIC”) of record which in the case of LEC payphones is usually the 0+ carrier. The fact that the 0+ carrier normally chooses to default 1+ traffic to AT&T, or another 1+ provider, does not expand the number of PICs – with few exceptions, there is only one.⁹

⁶ See response to Question 5 – MCI at 8-9; AMNEX at 3-4; One Call at 6; Sprint at 3.

⁷ See Bell Atlantic at 5; SNET at 7; Ameritech at 8.

⁸ The fact that both the Commission and the APCC specifically reference the “presubscribed 1+ carrier” and the “presubscribed 0+ carrier” indicates that there may be a significant amount of confusion on this point.

⁹ While it is possible to have both a 0+ and 1+ presubscribed carrier for LEC payphones, this is rarely the case. (See U S WEST Comments, Note 6.) None of U S WEST’s more than 80,000 dumb payphones currently have more than one PIC. The most common scenario for LEC-owned dumb payphones is to have a single PIC which is also the 0+ carrier while coin sent-paid traffic (*i.e.*, 1+ traffic) is defaulted to AT&T.

U S WEST's position, which appears to be shared by most LECs, remains unchanged. That is, the PICC should be imposed on the PIC. While it is possible to have more than one PIC for a LEC-owned payphone, it is rare. In most cases, the PIC is the 0+ carrier while coin sent-paid traffic is defaulted to another carrier (usually AT&T). In those rare cases where there may be two PICs, U S WEST is of the opinion that the PICC should be imposed on the 0+ PIC because the 0+ carrier is the party which benefits the most from the elimination of the CCL charge. In no case should the PICC be allocated between two PICs. Any benefits from such an allocation would be far outweighed by the costs of implementing and administering such a system.

Respectfully submitted,

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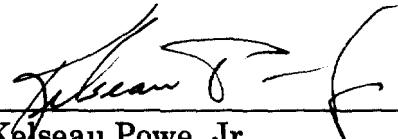
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June 2, 1998

CERTIFICATE OF SERVICE

I, Kelseau Powe, Jr., do hereby certify that on this 2nd day of June, 1998, I have caused a copy of the foregoing **U S WEST COMMUNICATIONS, INC. REPLY COMMENTS** to be served, via United States Mail, postage pre-paid, upon the persons listed on the attached service list.


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